



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B54641

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

March 16, 2020

Charter School Board
Indiana Online Learning Options, Inc.
6640 Intech Blvd, Ste 250
Indianapolis, IN 46278

We have reviewed the Supplemental Audit Report for Indiana Online Learning Options, Inc. prepared by Donovan CPAs, Independent Public Accountants, for the period July 1, 2018 to June 30, 2019. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Page 3 contains two audit results and comments. Management's response is on page 5.

The Supplemental Audit Report and associated audited Financial Statements are filed in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**SUPPLEMENTAL AUDIT REPORT
OF
INDIANA ONLINE LEARNING OPTIONS, INC.**

MARION COUNTY, INDIANA

July 1, 2018 to June 30, 2019



TABLE OF CONTENTS

	Page
School Officials	1
Transmittal Letter	2
Audit Results and Comments:	
Required Reports.....	3
Sales Tax Exemption.....	3
Exit Conference.....	4
Official Response	5

INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
School Officials
July 1, 2018 to June 30, 2019

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Stacy Taylor	07/01/18 – 06/30/19
Executive Director	Melissa Brown	07/01/18 – 06/01/19
	Chandre Sanchez Reyes	06/02/19 – 06/30/19
Board Treasurer	Ravi Shah	07/01/18 – 06/30/19



Donovan CPAs

The Board of Directors
Indiana Online Learning Options, Inc.

We have audited the financial statements of Indiana Online Learning Options, Inc. (“IOL”) as of and for the year ended June 30, 2019 and have issued our report thereon dated February 5, 2020. As part of our audit, we tested IOL’s compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe IOL was not in compliance with those provisions.

DONOVAN

Indianapolis, Indiana
February 5, 2020

www.cpadonovan.com

Avon | 5151 E. US Hwy 36, Avon, IN 46123 | 317.745.6411

Indianapolis | 9292 N. Meridian Street, Suite 150, Indianapolis, IN 46260 | 317.844.8300

INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
Audit Results and Comments
July 1, 2018 to June 30, 2019

REQUIRED REPORTS

IOL is required to file two biannual financial reports (“Form 9”) that accurately reflect its cash activity. Neither Indiana Connections Academy nor Indiana Connections Career Academy properly separated grants by fund on the Form 9. Additionally, funds with negative balances do not agree to the balance of federal awards awaiting reimbursement.

A fund, as used in the Charter School Manual, represents moneys set aside for specific activities of a school corporation. A fund constitutes a complete accounting entity and all financial transactions, both receipts and disbursements, are to be recorded in the fund to which they pertain. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 3)

Charter schools are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Charter schools shall file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

SALES TAX EXEMPTION

We selected thirteen expenses for testing and noted Indiana Connections Career Academy paid sales tax on two items selected for testing. The taxes paid were minimal.

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
Exit Conference
July 1, 2018 to June 30, 2019

The contents of this report were discussed on January 27, 2020 with the School's Board of Directors and representatives from Pearson Education. The Official Response has been made a part of this report and may be found on page 5.



**The Board of Directors
Indiana Online Learning Options, Inc.**

As part of the financial statement audit of Indiana Online Learning Options, Inc. ("IOL") as of and for the year ended June 30, 2019, Donovan CPA's tested IOL's compliance with provisions of the Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools issued by the Indiana State Board of Accounts and related provisions of laws, regulations, and grant agreements, and has communicated Audit Results and Comments. Included herein is the Office Response to the Comments provided by Donovan CPA in their report dated December xx, 2019:

IOL Response to Comment on Required Reports – The Form 9 submitted for IOL for the period of January 2019 – June 2019 was due on July 31, 2019 and was prepared and submitted based on preliminary financial statements for the period and submitted to the Indiana Department of Education timely. Subsequent to the submission of the Form 9, adjustments were recorded to the financials which resulted in variances between the final financial statements and the information captured in the Form 9. The School will continue to finalize financials as timely as possible to ensure variances between Form 9 submissions and final financial statements are mitigated.

IOL Response to Comment on Sales Tax Exemption – Prior to invoice payment, IOL will implement additional review procedures to ensure sales tax is not remitted with invoice payment. Upon receipt of invoices from vendors, IOL will review invoices to verify sales tax has not been captured on the invoice prior to payment of the invoice and will provide Sales Tax Exemption certificate to vendors where sales tax has been captured on the invoice.

IOL will ensure the responses to the above Comments are incorporated immediately into the School's financial procedures.

Sincerely,

A handwritten signature in black ink that reads "Chandre Sanchez Reyes". The signature is written in a cursive style.

Chandre Sanchez Reyes
Executive Director, Indiana Online Learning Options, Inc.